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PARLIAMENTARY MESSAGE TO THE THIRD UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

Adopted by the Council of the Inter-Parliamentary Union in Havana on 7 April 2001

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PARLIAMENTARY MESSAGE TO THE THIRD UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

Adopted without a vote by the Council of the Inter-Parliamentary Union
at its 168th session (Havana, 7 April 2001)

Globalisation has not only dramatically changed the pattern of international development co-operation but has also brought new challenges in its wake, especially for the least developed countries (LDCs). The LDCs are now having to shoulder additional duties and responsibilities in the form of conditionalities and obligations, at times imposed through multilateral trade, investment and intellectual property frameworks.

The binding obligations and responsibilities of LDCs are not necessarily matched by corresponding obligations for the developed countries, despite the existence of non-binding indicative targets such as the 0.7% GNP target for Official Development Assistance (ODA). Since the developed countries are not firmly committed to such obligations, they are not pursued with the seriousness they require. In this sense, there has to be more balance and fairness between poor and rich countries in the emerging global system.

Over the last decade, the Inter-Parliamentary Union has repeatedly called for improvement and reform in the international development system, especially in the areas of trade, finance, food security and good governance. The Third United Nations Conference on LDCs offers a significant opportunity to bring a fresh impetus to the improvement of the international development system at the start of the new millennium.

The least developed countries require domestic and external measures that are complementary and mutually reinforcing. The old North-South regime should give way to a true development compact between reformers in both donor and beneficiary countries, which must be committed to the international development targets and capable of self-criticism instead of mutual recrimination.

As parliamentarians representing our constituencies in cities, towns and villages, in both densely populated and remote areas, we call upon the Conference to take an uncompromising look at the key challenges facing the people and governments of LDCs.

- LDCs must be the owners of their policies. International development targets are basic objectives that cannot be attained through a rigid, mechanical approach. They must be converted into **individual country targets** and **highly focused national plans**, prepared by each LDC with the full participation of its people and - when needed - with the support of donors and international organisations.

- As parliamentarians, we are particularly conscious of the imperative of **good governance**, which is a precondition for effective forms of sustainable development.

Much remains to be done by the LDCs in putting their own houses in order, not so as to be rewarded by donors but for their own sake. Indeed, participatory and transparent forms of governance are crucial to poverty eradication, as are transparent and accountable public expenditure management and an equitable tax system, including effective tax collection. In this connection, poverty eradication can only be achieved with the full participation of women. Executive arms of government have to be made accountable and their activities must be subject to the necessary checks and balances, including parliamentary oversight and the rule of law, and effective measures to fight corruption.

- LDCs have yet to obtain advantages from their more intensive involvement in the **world trading system** where, for the moment, they are only marginal players. While trade has expanded globally, the share of LDCs has remained stagnant. They face numerous obstacles. Some of these are domestic and relate to weak institutions, inadequate infrastructure and limited skills, and there is thus a need to strengthen the capacity of LDCs to trade. Other obstacles are external in the form of tariff and non-tariff barriers in other countries, especially for types of goods and services where they enjoy a comparative advantage. Agricultural exports from LDCs, although they have a significant potential to grow, are held back by trade restrictions and subsidies, including those applied in other developing countries. Exports of more basic kinds of manufactured goods, such as textiles, where LDCs have obvious capacities and strengths also face similar restrictions. We call upon the Conference to work out practical schemes for the removal of such obstacles, which impede sustainable development in LDCs. Trade earnings will provide LDCs with non-conditional revenue flows that are vital for their autonomous development and will bring them into the mainstream of the global economic system.

- LDCs are critically short of **development finance**. They are not major recipients of foreign direct investment and have no capacity to borrow on the international capital market. They are heavily dependent upon ODA and, in view of the low level of their incomes, their domestic savings are negligible. Even though the United Nations has established a target of 0.15% of GNP of developed countries to be channelled as ODA to LDCs, actual levels declined by almost half in the 1990s to a record low of 0.05%. Donor countries are urged to commit themselves to reversing this decline in the immediate future and achieving the agreed target, and more if need be. Realistic poverty reduction strategies should not be allowed to fail for lack of external funding. At the same time, LDCs need to attract private investment, both domestic and foreign, by creating an attractive investment climate. First and foremost, however, they need to stop capital flight and put their own capital to productive domestic use, for example through micro-credit schemes. The Group of 8 and other bodies have a role to play in stimulating foreign investments in LDCs by the corporate private sector. It is vital that conditionalities imposed upon LDCs by multilateral and bilateral development partners do not jeopardise their fragile economic and social fabric.

- Not only the quantity but also the quality of aid is important. There is a need for greater flexibility and predictability in aid. Ever since development assistance began, part of it has been tied. Tied aid is corruption prone, diverts resources from priorities and increases related costs for LDCs. **Untying of aid** is a further area in which the international community should manifest its political will and give priority to the real interests of LDCs.

- The **debt trap** of LDCs has not been mitigated to any great extent despite various appeals and practical efforts. Even the enhanced HIPC Initiative, although it is welcome, is unlikely to lead to a lasting solution of the debt problem. Once again, we call upon both bilateral and multilateral donors to commit themselves to measures that will lighten the debt burden of LDCs and pave the way for enhanced growth, investment and poverty reduction in these countries. It is important to ensure that the poor are the first to benefit from resources released through debt relief as part of a broader poverty reduction strategy. Moreover, it is imperative that debt relief be financed by additional resources and that it does not take place at the expense of assistance to other developing countries.

- **Natural and environmental resources** constitute the common inheritance and capital assets of the poor. It is the poor who suffer most from the degradation of land, soil, water and forestry resources which are vital to their food security, their livelihood and their very survival. Multilateral rules and standards, whether they be in trade, investment, intellectual property or the environment, should contribute to the maintenance, regeneration and enhancement of these assets, instead of their erosion. Such rules and standards should therefore be continuously reviewed from the perspective of the poor and of LDCs.

On behalf of the world parliamentary community, the Inter-Parliamentary Union calls on the Third United Nations Conference on the Least Developed Countries to take action in the interests of real, not imaginary, progress. We believe the international community has both the vision and the resources to make a significant change for the better. This should be the last of the conferences for the least developed countries. We call on everyone to demonstrate the necessary political will to make sure that it is.